



CALPEEK

CALIFORNIA POLITICAL WEEK

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BUDGET WARS: THE CANCIAMILLA/RICHMAN PLAN OFFERS ROAD MAP TO FIX CALIF.'S FISCAL MESS.

Editor's note: It's not the final deal, but a painful yet reasonable solution to solving Calif.'s budgetary and fiscal crisis may have been presented by moderate Assemblymen Keith Richman(R-Northridge) and Joe Canciamilla(D-Pittsburg). Here's our analysis & commentary...

...It's not a pretty solution. In fact the Canciamilla/Richman plan is very painful. But it offers a *combo* solution which experts say is absolutely essential in solving the State's budget crisis: 1) it raises the sales tax to help pay off the deficit bonds; and 2) education spending would be cut by \$162 million, Medi-Cal spending would be cut by \$405 million, grants to aged/blind/disabled would be sliced by \$497 million and the State would make a one-time raid on local government funds in the amount of \$500 million. This C/R plan also takes into account that the popular VLF (car tax) would be rolled back to 1998 levels, saving about \$4 billion. These are the *short term* solutions to the budget crisis. FYI: it is unclear if the sales tax hike would fall under Prop. 98 – meaning that 40% would automatically go to education, instead of 100% for deficit reduction...

...The *long term* solutions incorporated into the C/R plan includes a 5% budget reserve and a State spending cap. Nothing wrong with either of these ideas, but it should be remembered that Calif. already has a *Gann Spending Cap* law on the books. Only one problem: several times in the past 10-20 years voters have made exceptions via the initiative process – so spending caps don't work all that well...

...Both side are looking at the proposal and perhaps it can be the road map to solve the crisis. Gov. Gray Davis(D) issued a statement saying he appreciated the C/R effort. Legislative Analyst Elizabeth Hill helped C/R with this budget plan – so it has her approval...

...Politically, both Richman and Canciamilla have already taken some heat from their respective caucuses. Richman doesn't appear worried about the threats from GOP Senate Leader Jim Brulte. He's a very wealthy MD and if for some

reason he were to be challenged in a primary, he'd probably win regardless. As for Canciamilla, he may end up with a primary battle, but his stand here should put him in good standing with voters. If the voters should throw either man out for this plan, then they're fools. The big problem, of course, is that there aren't enough C/Rs in the legislature, thanks to a dumb remapping plan. Stay tuned...

RECALL MADNESS: NEW PPIC SURVEY SHOWS GOV. GRAY DAVIS IN BIG TROUBLE WITH CALIF. VOTERS

Editor's note: One doesn't have to be political insider with a rocket scientist IQ to figure out the meaning of the newest *Public Policy Inst. of Calif.* survey about the ongoing recall drive against Gov. Gray Davis(D). If the recall were on the ballot now, Davis would be ousted from office. Here's our analysis & commentary...

...Given the nearly \$700,000 that U.S. Rep. Darrell Issa(R-Vista) has pumped into the recall effort thus far, there seems little doubt among insiders that it will qualify. The only question is when: fall or March of 2004. Issa and his GOP consultants (part of *Rescue Calif.*), as well GOP consultants working with the two other recall committees, would prefer the recall in the fall – figuring that there would be a heavier Republican voter turnout (and a lighter Demo turnout)...

...Regardless, there's little doubt Gov. Davis is up to chin in political quicksand. The new PPIC survey (961 likely voters, taken May 22-June 1), shows if the recall were held now, **51%** would oust Davis vs. **43%** who would vote to keep him in. **6%** no opinion...

...What's most interesting are the subset numbers: **35%** of Demo voters would cast ballots **for the recall!!!!** Only **57%** of the Demo voting base would support Davis. Among independents: **47%** YES on recall vs. **41%** opposed, with **12%** no opinion. As for GOPers, **75%** favor the recall vs. **20%** who are opposed. Chief reasons for giving Davis the boot: **74%** disapprove of the way he is handling the State budget & taxes...

...So why is Davis in trouble? Lots of theories, but the one

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we think has merit is that Davis has a poor relationship with the Capital press corps – thus lousy coverage. He's not a warm & cuddly type – far from it. And he has been in *The Bunker* ever since the recall started, which doesn't help either. Our sources say he needs to be more aggressive in selling his budget – especially to Demo voters. Davis needs to do the same thing that President George W. Bush did when his tax plan was in trouble: a road show to sell his plan to voters. Get out of Sacramento!!!

...Assuming the recall qualifies, would the *chief enabler*, Congressman Issa, be the *beneficiary*? Our sources *don't* think so. L.A. Times political reporter Michael Finnegan's 6/16/03 profile of Issa notes his weak spots: anti-choice and pro-gun. He's very conservative and will have a tough time explaining some of his previous stands/votes...

...Still, Issa's big contribution to the recall helps, but it won't keep Bill Simon Jr. or State Sen. Tom McClintock (R-Camarillo) from running – especially McC. Of all the GOPers who ran in 2002, McC came within a heartbeat of winning the Controller's job. And there's actor Arnold Schwarzenegger. He's mulling over the recall too – and like Issa, has deep pockets...

...Although she's probably not going to run, Calif. GOPers love Condoleezza Rice, the White House national security advisor. How popular is Ms. Rice? A survey taken in the 3rd CD (retiring U.S. Rep. Doug Ose's CD) matched Rice against Schwarzenegger, McC, Issa and some Demos. The survey was aimed at likely GOP voters, so the Demos didn't fare well in this Global Strategy Group poll of 500 likely GOP voters (taken in early June). *If this effort (recall) is successful, which of the following candidates would you be most likely to support?* Rice 33%, Schwarzenegger 12%, McC 11%, Issa 8%. 10% were for Demos (U.S. Sen. Dianne Feinstein got 5%, the most of any of the Demos), 23% were undecided and 3% don't know(refused). Stay tuned...

RECALL MADNESS: CALPEEK LOOKS AT NUMBERS.

Editor's note: *Calpeek* will now look at petition/signature numbers and give its assessment (in terms of numbers) about the current recall against Gov. Gray Davis(D). Here's our analysis & commentary...

...In order to qualify, the 3 recall committees need to submit almost 900,000 valid signatures by Sept. 2nd. From various *Calpeek* sources, including info from DavisRecall.com (Ted Costa's group), the total effort as of 6/13/03 had submitted 98,157 petitions containing 358,508 signatures. Our *spot check* of the 4 largest counties (in terms of signatures) was

fairly close to what Costa said he submitted. In terms of generating the most recall signatures, the lead county is **San Diego**, followed by **Orange, L.A., Kern and Sacramento...**

...When *Calpeek* spoke with Costa on 6/16, he said there were perhaps another 150,000 to 200,000 additional signatures in the pipeline. The cutoff date for the next count by the CA Secretary of State was 6/16. On 6/23 CA SOS Kevin Shelley(D) will provide his official count – and it is expected that Shelley also will give the 58 county registrars the OK to begin the *verification process*. The verification process begins when the sponsor has collected 10% of the required number of signatures...

...To be absolutely sure of qualification, the recall groups actually need 1.2 to 1.3 million signatures. That's to play safe. The big question is whether or not these groups can get there by July 7th – that's another cutoff date. The recall groups figure if they can get 1.2 million signatures in by July 7th, then they have a shot at a fall ballot. The key date: Sept. 4th. If there are 900,000 verified signatures by Sept. 4th, then Lt. Gov. Cruz Bustamante(D) must set the election for the fall. If verification is not complete by Sept. 4th then the recall takes place March 2nd of 2004...

...Based on the current numbers submitted by the 3 groups, our sources say it will be difficult for them to get the 1.2 or 1.3 million signatures by the July 7th date. If one adds the 358,000 to another 200,000 (which Costa says is in the pipeline), that's only 558,000 by 6/16. This means the 3 recall groups need to generate 650,000 in a two-week period. That's a very tall order, but the recall forces are now paying circulators \$1 per signatures. That's a bigger incentive than \$.75. Stay tuned...

CAMPAIGN 2004: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Here's another update about ballot measures that are on the 2004 ballot – or trying to qualify...

◆ *Budget Accountability Act* – A coalition of Calif. business interests which opposes the Budget Accountability Act will in fact not circulate a counter-proposal to overturn the Sinclair Paint court case. There were 5 different versions at the AG's awaiting title & summary – all dealing with FEES ("fee enactment" versions I-V). Had *Californians Against Higher Taxes* gone to the streets with one of these proposals, it might have been a replay of Prop. 37, which was defeated. So instead, the business coalition will focus on knocking off the BAA in March of 2004. There is big money behind the BAA initiative drive and it is out on the street collecting signatures. Most sources agree that it will qualify...

... Qualification for the BAA will be the easy part, because a new *Public Policy Inst. of Calif.* survey shows only 42% of likely voters think the idea of replacing the 2/3rds vote requirements with a 55% super majority vote to pass the Calif. budget (and new taxes) is a good idea. The PPIC poll showed 50% opposed and 8% no opinion...

● **K-University Public Education Bond** – A \$12.3 billion bond measure on the March 2004 ballot would easily pass if the election were held now, according to this same PPIC survey. 65% of likely voters would vote YES vs. only 29% opposed, with 6% no opinion...

◆ **ACA 11 – Infrastructure Funding** – This proposal on the March 2004 ballot is known as the CA Infrastructure Investment Fund Act. If approved, 3% of the general fund budget would be set aside for infrastructure spending. The way ACA 11 is written, half the money would go for State projects and the other half for local projects. If the election were held now, 53% of likely voters would say YES vs. 32% who would oppose, with 15% in opinion – this according to the PPIC survey...

◆ **55% Vote for Local Taxes** – Although it is not on the ballot as yet, there's a group of Silicon Valley firms who are pushing a plan to allow local govt. to pass specific infrastructure tax measures with a 55% vote. The current vote requirement for a specific tax is 2/3rds. According to the PPIC survey, only 42% of likely voters would approve vs. 52% who are opposed, with 6% offering no opinion. Stay tuned...

CAMPAIGN 2004: UPDATE ON LEGISLATIVE RACES.
Editor's note: Here is *Part XIV* in our continuing series of updates on key U.S. House and CA Legislative primaries...

☒ **3rd CD** – With U.S. Rep. Doug Ose (R-Sacramento) set to retire at the end of the current term, there are now at least 3 GOP names on the list to replace Ose. They include former AG Dan Lungren, State Sen. Rico Oller and Sacto talk radio host Tom Sullivan. Here's some polling data from Global Strategy Group (500 likely GOP voters, early June). In a 3-way primary, it's Lungren 25%, Oller 20% and Sullivan 39%, with 15% undecided and 1% refused. In a 2-way battle between Oller and Sullivan, it's Oller 26% vs. Sullivan 51%. In a 2-way between Lungren and Sullivan, it's Lungren 32% vs. Sullivan 46%, with 19% undecided and 2% refused. If Sullivan doesn't run, then in a 2-way battle it's Lungren 43% vs. Oller 34%. Although this is supposed to be a safe GOP CD, if Lungren were the nominee, odds are the Demos might throw in some big bucks, aiming for an upset...

☒ **20th AD** – This is the AD currently held by Assemblyman John Dutra (D-Fremont), who is *termed out* next year. Dutra has endorsed Newark Councilman Alberto Torrico. Other names to surface in the Demo primary include Milpitas Mayor Henry Manayan; Pleasanton Mayor Tom Pico; Fremont Councilman Steve Cho; local PUC commissioner Ashok Bhatt; and Dennis Hayashi, director of the CA Dept. of Fair Employment & Housing. Hayashi was the highest ranking Asian in the Clinton Admin. He was Director of the Office of Civil rights in the U.S. Dept. of HHS. Hayashi is supposed to announce officially on July 15th...

☒ **39th SD** – This is the soon-to-be open seat of State Sen. Dede Alpert (D-San Diego). Until recently, there was going to be a show down between Demo Assemblywoman Christine Kehoe vs. former Demo Assemblyman Howard Wayne. Wayne has been eyeing Alpert's 39th SD for a long time, but in a primary with Kehoe, most insiders had their money on Kehoe. So Wayne has decided NOT to seek the 39th SD, but instead will run to replace *termed out* San Diego City Attorney Casey Gwinn...

☒ **29th AD Update** – Another bloody GOP primary is a certainty in this Central Valley AD now held by freshman GOP Assemblyman Steve Samuelian, who has been stopped by the Fresno PD twice on Parkway Drive, the city's red light district. No arrests, but the 1st incident was high profile in Samuelian's run against Larry Willey. Even though GOP Assembly Leader Dave Cox says the GOP Assembly Caucus will support Samuelian, this has not stopped Fresno businessman Mike Villines or former Fresno Councilman Chris Mathys from entering the primary. Also looking is Clovis Councilman Nathan Magsig and Craig School of Business/CSU Fresno Assoc. Dean Karen Bowerman...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

June 23	L.A. Council Pres. Alex Padilla addresses the CA Lexington Group, 12 p.m., Napa Valley Grille, West L.A. Info (310)489-3280.
June 26	Demo presidential debate at UCLA (Ackerman Grand Ballroom) 5-6:30 p.m. Sponsored by CLCV & LCV. Info (510)763-5616.
July 23-26	Nat'l Conf. of State Legislatures annual meeting, S.F.
July 26-28	DLC Nat'l Convention, Philadelphia, PA
July 29-Aug. 1	Council of State Govts-West annual meeting, Honolulu, HI. (916)553-4423 for info.
Nov. 4	S.F. Muni Election + other cities

**ADVERTISING DEADLINE JUNE 30TH FOR 2003-2004
CALPEEK CAMPAIGN CONSULTANTS DIRECTORY**

June 30th is the official deadline for submitting ads or requests for ads in the 25th Anniversary Edition of *Calpeek's Directory of Campaign Consultants*. The "unofficial" deadline is the following week – after the July 4th weekend. For all you consultants who have not sent in your questionnaires, please take just a few minutes and fill out the form and then fax it to *Calpeek* at (310)657 – 4340. Stay tuned...

DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Privacy Bill Killed Again** – SB 1 again failed to make it out of the Assembly Banking Cmt. – getting only 3 votes from 12 members. What this means is that *Californians for Privacy Now* will continue collecting signatures for a March 2004 initiative. This coalition will be matched against the *Financial Services Privacy Coalition* in what insiders believe will be a brutal and costly ballot war. More next week...

■ **Recall on Radio – Briefly** – RecallGrayDavis.com, one of 3 recall groups, briefly launched a 40 station, state-wide radio ad campaign featuring 6 different :60-second ads. Most sources say it won't have much reach because the ads only ran 3 days, from 6/17 thru 6/19, according to recall sources. By the time you read this, the 1st flight will have ended...

■ **The Hit Mailer Which Scared GOPers** – Remember a few weeks ago when GOP Senate Leader Jim Brulte waved around a *hit mailer* he said he would send out if any GOP lawmaker broke ranks and voted for a tax hike? The cover of this hit mailer has the word *Judas*. Inside there was a fictional CA State Senator called John Iscariot. "He sold out to Gray Davis," says the copy. Designer of the hit piece: McNally Temple & Associates of Sacto...

■ **4 Key Demos Won't Run if Recall Qualifies** – The four Statewide elected officials who have bowed out of a recall are AG Bill Lockyer, Treasurer Phil Angelides, Insurance Comm. John Garamendi and Controller Steve Westly. Insiders also say Demo SOS Kevin Shelley won't run. Uncommitted: Lt. Gov. Cruz Bustamante and U.S. Sen. Dianne Feinstein. Very interesting. Lots of back-room deals may be in the works, our sources report...

■ **Another Recall In the Works** – In Humboldt Co. (Eureka), newly elected DA Paul Gallegos is under siege from law enforcement and from the powerful Pacific

Lumber Co. Gallegos defeated long time incumbent DA Terry Farmer last November. Shortly after assuming office, Gallegos filed a fraud lawsuit against Pacific Lumber. He was served with recall papers on April 24th. Gallegos' stand on medical marijuana probably doesn't help either and the Humboldt Co. DSA and the Eureka POA are both supporting the recall. Recall supporters have until Oct. 22nd to collect 11,100 valid signatures. Stay tuned...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● Ms. Rin-rin Yu has been hired by Long Beach-based Adler Public Affairs as community relations mgr. Yu's previous job was political producer at WHDH-TV in Boston. Promoted to Asst. VP at the firm is Phil Hampton, who is the media relations director...

● The Sacto office of Porter Novelli has promoted Bill Schreiber to general manager. He's been serving as acting gm since January of 2003...

● L.A.-based Rogers & Associates has named Robert Alaniz as a Sr. VP in charge of the firm's p/a group. Alaniz comes to Rogers from Hill & Knowlton...

● Gov. Davis has named Michael J. Spear as interim Director of the Dept. of Water Resources, replacing Tom Hannigan, who resigned June 1st. Spear is the Deputy Sec. of Land Conservation & Stewardship at the Resources Agency...

CALPEEK'S MARKETPLACE NETWORK

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